
PROGRAM NARRATIVE

405 INDUSTRIAL COMMISSION

Date: 12/13/2006

Time: 11:59:52

Program: ADMINISTRATION	Reporting Level: 00-405-100-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

Under the Lignite Research, Development and Marketing Program funding was provided for Lignite Vision 21 and work continued to assist with plans for the building of two energy plants in North Dakota by the year 2010. Two additional projects were partially funded during the 05-07 biennium – the Coal-to-Liquids Project and the Spirit Energy Project.

Under the Lignite Research, Development and Marketing Program there are 32 active research projects.

Under the newly established Transmission Authority, the Authority provided input to the Department of Energy and the Federal Energy Regulatory Commission on federal legislation and rules impacting transmission development in North Dakota. The Transmission Authority coordinated these activities with the Upper Great Plains Transmission Coalition. These efforts were focused on helping to resolve transmission barriers facing the energy industry in North Dakota.

Under the leadership of Governor Hoeven, Chairman of the Industrial Commission, coalitions have been built within the Midwestern and Western Governors' associations that focus on various transmission issues.

The North Dakota Building Authority provided financing for all the capital projects authorized by the 2005 Legislative Assembly. Some of these projects are still in the early stages of planning but the funds are held by the Trustee for their use once construction begins. This financing involved the following 15 projects:

- Office of Management and Budget – Fire Suppression System for the State Capitol;
- Parks and Recreation Department – Turtle River State Park Office Building;
- Department of Corrections and Rehabilitation – James River Corrections Campus –ET Building and 18A Building;
- State Historical Society – Heritage Center Addition;
- State Historical Society – Chateau Interpretive Center Renovation and Addition;
- Attorney General's Office – Crime Laboratory Renovation and Addition;
- North Dakota State University – Hazardous Material Handling and Storage Facility
- North Dakota State College of Science – Electrical Distribution System
- Dickinson State University – Murphy Hall Renovation
- Minot State University – Bottineau – Thatcher Hall Addition and Renovation
- University of North Dakota – Energy Conservation Projects
- North Central Research Center – Laboratory and Greenhouse
- Central Grasslands Research Center – Office Addition
- Main Research Center – Greenhouse Complex

The North Dakota Building Authority refunded two outstanding series of bonds and reduced interest costs for the State.

The Administrative Office met the continuing disclosure requirements for the Student Loan Trust, the North Dakota Building Authority and the Lignite Research Program as

required by federal regulations and contractual agreements with the bondholders.

The Student Loan Trust purchased student loans from the Bank of North Dakota in a timely manner to facilitate the greatest return to the State of North Dakota on student loans held by the Trust.

The Oil and Gas Research Program funded 12 research and educational projects during the biennium.

PROGRAM STATISTICAL DATA

The Commission averages between 15 and 20 meetings a year dealing with all areas of the Commission's responsibilities. The Commission's Executive Director participates in all Lignite Research Council and Oil and Gas Research Council meetings. The Commission's Executive Director has also been participating and helping to facilitate meetings of the Upper Great Plains Transmission Coalition (UGPTC) and the UGPTC Steering Committee.

As directed by the Legislature, since 1985 the Industrial Commission, acting as the North Dakota Building Authority, has issued and refunded over nearly \$250,000,000 of bonds for essential land purchases, building or technology projects by accessing the national capital markets. As of June 30, 2006, the Authority has \$138,972,000 bonds outstanding. The projects funded from tax exempt and taxable bonds include facilities at the following entities—State Penitentiary, James River Correctional Facility, Youth Correctional Center, Missouri River Correctional Center, Developmental Center in Grafton, State Hospital, Southeast Human Services Center, International Peace Garden, Veterans Home, Office of Management of Budget, Office of the Attorney General, Job, Service, Health Department, Adjutant General, Information Technology Department, all the college/university campuses, and some of the Board of Higher Education Research Centers.

The Student Loan Trust has issued tax exempt and taxable bonds in the past to provide a secondary market for student loans. As of June 30, 2006 the Student Loan Trust had \$91,500,000 bonds outstanding.

During the 1995-1997 biennium, the Lignite Research Program issued tax exempt debt in the amount of \$8,825,000 and invested in a demonstration project at the Dakota Gasification Project. As of June 30, 2006 all these bonds had matured and the Lignite Research Program no longer has any bonds outstanding. The financing of this project included an Investment Agreement which at this time is providing a return to the Lignite Research Fund.

Since 1987 the Lignite Research Fund has invested approximately \$50 million in nearly 140 research and demonstration projects. Matching dollars and in-kind services of over \$350 million have been committed to these projects.

EXPLANATION OF PROGRAM COSTS

All funding of the Oil and Gas Research Program comes from dollars held in the Oil and Gas Research Fund. All grants are matched with either private or federal funding or in-kind services. No General Fund dollars are used for the Oil and Gas Research Program. As the Oil and Gas Research Program has a continuing appropriation, its funding is not reflected in the Industrial Commission budget. Reference to this program has been included in the discussion of the Industrial Commission budget since the Industrial Commission administers the funding for this Program.

All funding of the Lignite Research, Development and Marketing Program comes from dollars held in the Lignite Research Fund. The funding sources are a \$.02 per ton severance tax and a percentage of the Coal Trust Fund along with interest income on the Lignite Research Fund. The Program also receives income from its investment in the Dakota Gasification Plant. The appropriation for the Lignite Research Program is used for the administration of the program, marketing and environmental studies and research projects. All grants are matched with either private or federal funding. No General Fund dollars are used for the Lignite Research Program.

The appropriation for lease/loan-bond payments for outstanding North Dakota Building Authority bonds is found in the Industrial Commission Administrative Office. Each agency that has benefited from a Building Authority financing is billed for their portion of the debt service payments. The Administrative Office appropriation reflects these dollars as special fund receipts whether they come from the General Fund or other funding sources.

All funding for the administrative office of the Industrial Commission comes from non-General Fund monies provided by five of the entities which report to the Commission—Bank of North Dakota, Housing Finance Agency, State Mill, Public Finance Authority and Student Loan Trust.

PROGRAM GOALS AND OBJECTIVES

To provide ongoing coordination of the responsibilities of the Industrial Commission.

To provide financial advisory services to the various entities under the Industrial Commission jurisdiction.

Impact national oil and gas energy policy through the State's active participation in the Interstate Oil and Gas Compact Commission.

To set overall policies and goals for the Bank of North Dakota, Department of Mineral Resources, Housing Finance Agency, State Mill, Lignite Research, Development and Marketing Program, Public Finance Authority, North Dakota Student Loan Trust, Guaranteed Student Loan Agency, Oil and Gas Research Council, Farm Finance Agency and North Dakota Transmission Authority.

Directly administer the bonding programs for the North Dakota Building Authority, Student Loan Trust and if needed, Lignite Research Program and Transmission Authority.

Under the Student Loan Trust, provide a secondary market for student loans and provide borrower incentives that are passed on to North Dakota student loan borrowers as those borrowers further their higher education.

Under the Lignite Research Program, provide financial assistance to encourage research, development and marketing of lignite and products derived from lignite and to encourage research on land reclamation projects and processes that continue the high quality of life currently available in North Dakota.

Under the Oil and Gas Research Program, promote the growth of the oil and gas industry through research and education by providing matching funds for projects that meet the mission of the Program.

Through the Transmission Authority serve as a catalyst for developing transmission in North Dakota, offer an alternative source of financing, partner with investors and transmission providers, foster the development of transmission corridors and serve as a transmission developer—to be a builder of last resort.

REQUEST DETAIL BY PROGRAM**405 INDUSTRIAL COMMISSION****Biennium: 2007-2009****Bill#: HB1014****Date: 12/13/2006****Time: 11:59:52**

Program: ADMINISTRATION		Reporting Level: 00-405-100-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	150,367	176,500	2,426	178,926	0
FRINGE BENEFITS	40,198	56,941	533	57,474	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	190,565	233,441	2,959	236,400	0
SALARIES AND WAGES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	190,565	233,441	2,959	236,400	0
TOTAL	190,565	233,441	2,959	236,400	0
OPERATING EXPENSES					
TRAVEL	14,767	26,200	0	26,200	0
SUPPLIES - IT SOFTWARE	1,027	2,000	-600	1,400	0
SUPPLY/MATERIAL-PROFESSIONAL	2,349	2,000	500	2,500	0
BLDG, GROUND, MAINTENANCE	0	50	0	50	0
MISCELLANEOUS SUPPLIES	713	1,600	-500	1,100	0
OFFICE SUPPLIES	1,201	1,500	0	1,500	0
POSTAGE	1,784	1,900	-500	1,400	0
PRINTING	3,202	4,500	-1,500	3,000	0
IT EQUIP UNDER \$5,000	3,103	4,500	5,000	9,500	0
INSURANCE	991	1,500	-500	1,000	0
RENTALS/LEASES - BLDG/LAND	11,361	13,000	1,000	14,000	0
REPAIRS	0	300	0	300	0
IT - DATA PROCESSING	1,717	2,300	1,774	4,074	0
IT-COMMUNICATIONS	1,895	2,500	860	3,360	0
IT CONTRACTUAL SERVICES AND RE	103	250	0	250	0
PROFESSIONAL DEVELOPMENT	22,969	26,000	0	26,000	0
OPERATING FEES AND SERVICES	971	1,500	0	1,500	0
FEES - PROFESSIONAL SERVICES	14,465	13,000	0	13,000	0
TOTAL	82,618	104,600	5,534	110,134	0

REQUEST DETAIL BY PROGRAM

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OPERATING EXPENSES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	82,618	104,600	5,534	110,134	0
TOTAL	82,618	104,600	5,534	110,134	0
GRANTS					
GRANTS, BENEFITS & CLAIMS	7,386,210	15,200,000	4,210,600	19,410,600	0
TOTAL	7,386,210	15,200,000	4,210,600	19,410,600	0
GRANTS					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	7,386,210	15,200,000	4,210,600	19,410,600	0
TOTAL	7,386,210	15,200,000	4,210,600	19,410,600	0
SPECIAL LINES					
BOND PAYMENTS	18,740,092	27,292,412	2,182,604	29,475,016	0
TOTAL	18,740,092	27,292,412	2,182,604	29,475,016	0
SPECIAL LINES					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	18,740,092	27,292,412	2,182,604	29,475,016	0
TOTAL	18,740,092	27,292,412	2,182,604	29,475,016	0
PROGRAM FUNDING SOURCES					
SPECIAL FUNDS	26,399,485	42,830,453	6,401,697	49,232,150	0
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
PROGRAM FUNDING TOTAL	26,399,485	42,830,453	6,401,697	49,232,150	0
FTE EMPLOYEES	2.00	2.00	.00	2.00	.00

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FUNDING DETAIL**SPECIAL FUNDS**

305 INDUSTRIAL COMMISSION FUND 305	19,013,275	27,630,453	2,191,097	29,821,550	0
314 LIGNITE RESEARCH FUND 314	7,386,210	15,200,000	4,210,600	19,410,600	0
TOTAL	26,399,485	42,830,453	6,401,697	49,232,150	0

CHANGE PACKAGE DETAIL
405 INDUSTRIAL COMMISSION
Biennium: 2007-2009

Bill#: HB1014

Date: 12/13/2006

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PROGRAM: ADMINISTRATION	REPORTING LEVEL: 00-405-100-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	-27,289,453	-27,289,453
1 Adjustment to Base Budget/Workload Change	.00	0	0	5,534	5,534
16 Adjustments to Lignite Research Program	.00	0	0	4,210,600	4,210,600
17 Adjustments to Bond Payments	.00	0	0	29,475,016	29,475,016
Agency Total	.00	0	0	6,401,697	6,401,697

PROGRAM NARRATIVE

405 INDUSTRIAL COMMISSION

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Program: GEOLOGICAL SURVEY	Reporting Level: 00-405-300-01-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

PERMIT PROCESSING

The Geological Survey typically issues coal exploration permits the same day that they are received.

The Geological Survey has reduced geothermal permit processing time from three days down to two.

GEOLOGICAL SURVEY CORE LIBRARY

The Geological Survey provides same business day response for requests from industry to study core in our facility or to ship the core to an approved out-of-state facility.

The Survey has created an additional five years of storage space in the building by replacing damaged core boxes.

OUTREACH-CUSTOMER SERVICE

The Geological Survey and Oil and Gas Division websites currently provide access to over 50,000 electric logs, 15,000 well files, 195,000 formation tops, core analyses, 350 articles and publications, 100 geologic maps, etc. for access by industry, government, and the public.

The Geological Survey continues to provide a number of outreach activities (presentations, tours, fieldtrips, fossil excavations, rock and fossil displays, website material, etc.) on various aspects of North Dakota's geology.

PROGRAM STATISTICAL DATA

The core and sample library was heavily utilized by representatives of the oil and gas industry during the first half of this biennium. Over 18,000 feet of core was studied during the first half of the 05-07 biennium; this was more than was studied in four of the five previous years. During the first 12 months of this biennium, Survey scientists photographed 6,638 thin sections and posted over 50,600 photomicrographs to the ND Oil and Gas Division subscription website. These photographs have been used by industry geologists and engineers to promote the North Dakota portion of the Williston Basin at regional and national meetings.

Survey geologists gave 75 presentations ranging from service clubs to professional conferences such as the Association of American Petroleum Geologists, Geological Society of America and the Williston Basin Horizontal Well and Petroleum Conference, fossil digs, tours of the paleontology lab, public meetings, and fieldtrips throughout North Dakota to about 3,850 industry geologists and engineers, teachers, students, and other interested people. Scientists answered more than 2768 enquiries during the first half of this biennium, up about 15% from the previous year. These enquiries came from industry, geotechnical consultants, state and federal agencies, municipalities, and citizens on a variety of topics such as fossils, meteorites, shallow gas, geologic hazards, geothermal, oil activity (including the middle Bakken play), environmental reviews of transmission line corridors, etc.

The Geological Survey sold over 1,900 maps and publications (973 publications and 953 maps) and gave away more than 2,100 maps and publications (primarily to schools) during the first half of the current biennium. The number of maps and publications used by industry, consultants, teachers, etc is much higher because our publications are accessed through about 250 libraries, not only across North Dakota and the country, but throughout the world. In addition, we have been placing digital files of our publications on our website so they can be readily accessed and downloaded. Our Middle Bakken Formation maps, posters, and articles on our website were downloaded over 43,000 times in the first half of this biennium.

The North Dakota Geological Survey website received more than 800,000 hits during the first half of the current biennium. This is down from the two previous years which averaged about 1.4 million hits. All other indicators suggest our homepage is seeing more usage, but ITD changed the way that they count hits in January, 2005. This change resulted in a dramatic decrease in our hit numbers.

The Geological Survey issued 26 coal exploration, geothermal, subsurface mineral, and paleontological resource assessment permits over the last twelve months. This is a 40 % increase over last year. These permits required field inspection of over 2,500 test holes.

Survey scientists reviewed the geology of 80 environmental assessments for transmission and pipeline corridors, highway and bridge construction, waste permits, coal mine permits, and performed mineral and paleontological assessments on 424 tracts of State Land during the first half of this biennium.

EXPLANATION OF PROGRAM COSTS

The Geological Survey's requested budget is 97% general funds and 3% federal funds. Budget costs are primarily salaries and benefits (74%). The federal funds have decreased slightly due to the limitations within this funding source.

The operating budget consists primarily of Lease/Rent (37%) for the Bismarck office and warehouse. Other items in our budget are indicative of the agency's role in providing services necessary to meet the objectives of collecting and disseminating geologic data, overseeing the regulatory aspects assigned to us and providing information as requested. The items of greater costs include travel (15%), primarily for fieldwork, and IT costs (19%) including Data Processing, Telephone, and Contractual Services. The Survey carries maintenance contracts on various drafting, GIS, and other specialized software programs.

PROGRAM GOALS AND OBJECTIVES

Goals for the Geological Survey are to provide detailed information on the surface and subsurface geology of North Dakota to citizens, industry, municipalities, and other state and federal agencies; to identify, collect, and display important fossils of North Dakota; to efficiently administer regulatory programs; and to disseminate educational geologic material to the general public.

The objectives of the Geological Survey are to map the entire surface of the State of North Dakota at a scale of 1:24,000 and the subsurface at a scale of 1:100,000; perform mineral assessments of areas of interest identified by industry; continue creating major fossil exhibits at the North Dakota Heritage Center and exhibits at other localities around the State, provide additional opportunities for citizens to participate in fossil excavations and other geotourism ventures; continue to provide geologic information for industry, professional seminars, and educational workshops for North Dakota science teachers and citizens.

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
SALARIES AND WAGES					
SALARIES - PERMANENT	1,339,837	1,152,503	57,233	1,209,736	109,368
SALARIES - OTHER	0	0	0	0	83,800
TEMPORARY SALARIES	27,065	33,192	-16,596	16,596	16,596
FRINGE BENEFITS	430,842	393,572	9,400	402,972	33,948
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
TOTAL	1,797,744	1,579,267	50,037	1,629,304	243,712
SALARIES AND WAGES					
GENERAL FUND	1,676,155	1,503,671	50,611	1,554,282	243,712
FEDERAL FUNDS	83,849	75,596	-574	75,022	0
SPECIAL FUNDS	37,740	0	0	0	0
TOTAL	1,797,744	1,579,267	50,037	1,629,304	243,712
OPERATING EXPENSES					
TRAVEL	79,639	85,622	0	85,622	33,750
SUPPLIES - IT SOFTWARE	19,290	14,000	0	14,000	500
SUPPLY/MATERIAL-PROFESSIONAL	34,255	25,000	0	25,000	0
FOOD AND CLOTHING	0	500	0	500	0
BLDG, GROUND, MAINTENANCE	4,551	5,000	0	5,000	0
MISCELLANEOUS SUPPLIES	5,775	7,000	0	7,000	1,500
OFFICE SUPPLIES	9,637	7,500	0	7,500	500
POSTAGE	7,018	7,000	0	7,000	0
PRINTING	14,023	28,000	-13,179	14,821	13,179
IT EQUIP UNDER \$5,000	36,681	27,500	0	27,500	2,820
OTHER EQUIP UNDER \$5,000	4,046	6,000	-3,000	3,000	3,000
OFFICE EQUIP & FURN SUPPLIES	1,048	1,100	0	1,100	0
UTILITIES	9,606	9,000	0	9,000	1,900
INSURANCE	10,413	8,200	0	8,200	0
RENTALS/LEASES-EQUIP & OTHER	0	500	0	500	3,000
RENTALS/LEASES - BLDG/LAND	196,325	209,000	0	209,000	15,114
REPAIRS	14,761	17,500	0	17,500	0
IT - DATA PROCESSING	23,892	37,128	0	37,128	4,583
IT-COMMUNICATIONS	18,129	19,000	0	19,000	4,373
IT CONTRACTUAL SERVICES AND RE	27,458	24,000	0	24,000	2,000
PROFESSIONAL DEVELOPMENT	4,506	4,500	0	4,500	500

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009
OPERATING FEES AND SERVICES	13,962	18,300	0	18,300	0
FEES - PROFESSIONAL SERVICES	3,102	10,500	0	10,500	7,000
MEDICAL, DENTAL AND OPTICAL	4,325	5,600	0	5,600	0
TOTAL	542,442	577,450	-16,179	561,271	93,719
OPERATING EXPENSES					
GENERAL FUND	538,961	575,975	-14,704	561,271	93,719
FEDERAL FUNDS	3,481	1,475	-1,475	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	542,442	577,450	-16,179	561,271	93,719
CAPITAL ASSETS					
EXTRAORDINARY REPAIRS	0	0	0	0	210,000
EQUIPMENT OVER \$5000	11,805	22,705	-22,705	0	8,000
IT EQUIPMENT OVER \$5000	10,695	7,795	-7,795	0	8,500
TOTAL	22,500	30,500	-30,500	0	226,500
CAPITAL ASSETS					
GENERAL FUND	22,500	30,500	-30,500	0	226,500
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	22,500	30,500	-30,500	0	226,500
GRANTS					
TRANSFERS OUT	0	0	0	0	250,000
TOTAL	0	0	0	0	250,000
GRANTS					
GENERAL FUND	0	0	0	0	250,000
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	0	0	0	0	250,000

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PROGRAM FUNDING SOURCES

GENERAL FUND	2,237,616	2,110,146	5,407	2,115,553	813,931
FEDERAL FUNDS	87,330	77,071	-2,049	75,022	0
SPECIAL FUNDS	37,740	0	0	0	0
PROGRAM FUNDING TOTAL	2,362,686	2,187,217	3,358	2,190,575	813,931

FTE EMPLOYEES

19.65	14.35	.00	14.35	1.00
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FUNDING DETAIL**GENERAL FUND**

2,237,616	2,110,146	5,407	2,115,553	813,931
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FEDERAL FUNDS

R051 PSC COAL	5,002	7,389	789	8,178	0
R057 STATEMAP	48,635	50,628	-2,492	48,136	0
R070 NCRDS-COAL	17,766	10,000	28	10,028	0
R072 B/RECLAMATION PALEO	6,228	6,961	1,719	8,680	0
R082 CORP/ENG: PALEO SURVEYS	0	497	-497	0	0
R090 GEOCHEMICAL MAP/BASELINE SAMPLE	9,699	1,596	-1,596	0	0
TOTAL	87,330	77,071	-2,049	75,022	0

SPECIAL FUNDS

305 INDUSTRIAL COMMISSION FUND 305	37,740	0	0	0	0
TOTAL	37,740	0	0	0	0

CHANGE PACKAGE DETAIL
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PROGRAM: GEOLOGICAL SURVEY		REPORTING LEVEL: 00-405-300-01-00-00-00-00000000			
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	20,111	-574	0	19,537
1 Adjustment to Base Budget/Workload Change	.00	-16,179	0	0	-16,179
9 Funding Source Change	.00	1,475	-1,475	0	0
Agency Total	.00	5,407	-2,049	0	3,358

OPTIONAL REQUEST

3 Roof Repair Core Library and Update Offices	.00	210,000	0	0	210,000
4 Paleontology Program FTE	1.00	163,040	0	0	163,040
5 Shallow Gas Project	.00	16,000	0	0	16,000
6 National Energy Meetings	.00	7,000	0	0	7,000
10 Transfer to Fossil Restoration Fund	.00	250,000	0	0	250,000
11 Restoration of Base Budget Changes/Inflation	.00	67,591	0	0	67,591
12 Dust Collection System	.00	8,000	0	0	8,000
14 Equity Adjustment	.00	83,800	0	0	83,800
15 Map Printer/Plotter-Survey	.00	8,500	0	0	8,500
Optional Total	1.00	813,931	0	0	813,931

PROGRAM NARRATIVE

405 INDUSTRIAL COMMISSION

Date: 12/13/2006

Time: 11:59:52

Program: OIL & GAS	Reporting Level: 00-405-300-02-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

PERMIT PROCESSING

The Oil & Gas Division is a leader in drilling permit processing efficiency going from an average of 5 days in 2004 to 3 days today.

The Oil & Gas Division implemented a new policy that has reduced UIC permit processing time from 44 days in 2002 to 22 days currently.

WELL AND SITE CONSTRUCTION REGULATION

The Oil & Gas Division witnesses a very high percentage of mechanical integrity tests and rigorously enforces well construction rules designed to protect underground drinking water. Without this program 8% of the injection and temporary abandoned wells and 10-20% of the newly drilled wells could be leaking.

The Oil and Gas Division regulates spill containment through diking and site construction rules.

CONSERVATION AND CORRELATIVE RIGHTS

The Oil & Gas Division prevents waste and protects correlative rights primarily through Enhanced Oil Recovery (EOR) and gas flaring restrictions. Over the past 20 years EOR production has gone from 13% to 67% and gas flared from 21% to 5%.

OUTREACH-CUSTOMER SERVICE

The Oil & Gas Division website currently provide access to over 50,000 electric logs, 16,000 well files, 200,000 formation tops, core data, etc for access by industry, government, and the public.

Streaming audio of our live hearings can be accessed from the Oil & Gas Division website. We also have provided a map on the website allowing interested parties to visually locate cases by area.

The Oil & Gas Division measures customer satisfaction with our hearing process, office visits, and website. Customers gave us high ratings in all three areas.

PROGRAM STATISTICAL DATA

The Oil & Gas Division regulates approximately 5,000 oil, gas, and injection wells.

The Oil & Gas Division permits approximately 500 new and re-entry wells and geophysical exploration projects involving 200 square miles and 13,000 shot points each year.

Current oil and gas industry production is approximately 110,000 barrels of oil and 330,000 barrels of water per day, approximately 67% from 94 active enhanced recovery units.

The Oil & Gas Division web site received over 7.5 million hits over the past year, which is nearly double that of the previous years.

The Oil & Gas Division hears 400 cases per year.

EXPLANATION OF PROGRAM COSTS

General Fund budgeted costs are primarily salaries and benefits (80% for the Oil & Gas Division). Federal funds for protection of fresh water supplies are not increasing as rapidly as program costs due to inflation and federal environmental mandates. However, the agency continues to have statutory responsibilities to protect fresh water supplies.

Operating budgets are primarily Lease/Rent (27%) for the Bismarck office and warehouse. The three Oil & Gas Division field offices will have to be closed to meet budget increases, mainly from state fleet vehicle mileage rate increases; Travel (38%) three fourths of which is state fleet vehicle mileage for field work, and IT (20%) two thirds of which is ITD data processing - telecommunications - contractual services. Only about one fourth of IT expenses is for desktop PCs and less than one tenth is for software and supplies.

Capital equipment requests are for replacement of essential equipment that can no longer maintain service levels due to age or obsolescence.

PROGRAM GOALS AND OBJECTIVES

Goals for the Oil & Gas Division are to effectively and efficiently accomplish the statutory responsibilities of the Industrial Commission for the regulation of oil and gas drilling, geophysical exploration, development, and production in a manner that will be most beneficial to the producer, royalty owner, citizens of the state; and to facilitate electronic storage of and access to oil and gas production, reservoir, well, and geophysical exploration data to be used by industry, royalty owners, and other governmental agencies.

The objectives of the Oil and Gas Division are to continue providing the timely engineering, geological, and legal analysis necessary for the Industrial Commission to effectively and efficiently enforce North Dakota's oil and gas conservation statutes; continue the effective field supervision of drilling, geophysical exploration, production of oil and gas, underground injection, and reclamation of lands disturbed by oil and gas development; implement electronic filing of oil and gas information; and improve storage and access to computerized geophysical exploration, production, and well information data to industry, royalty owners, other governmental agencies, and the public.

REQUEST DETAIL BY PROGRAM**405 INDUSTRIAL COMMISSION****Biennium: 2007-2009****Bill#: HB1014****Date: 12/13/2006****Time: 11:59:52**

Program: OIL & GAS		Reporting Level: 00-405-300-02-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

SALARIES AND WAGES

SALARIES - PERMANENT	2,877,492	3,070,342	708	3,071,050	221,040
SALARIES - OTHER	0	0	0	0	188,895
TEMPORARY SALARIES	24,383	29,400	-13,404	15,996	15,996
FRINGE BENEFITS	895,910	984,165	-19,558	964,607	79,976
TOTAL	3,797,785	4,083,907	-32,254	4,051,653	505,907

SALARIES AND WAGES

GENERAL FUND	3,621,085	3,750,212	108,249	3,858,461	505,907
FEDERAL FUNDS	176,700	213,695	-20,503	193,192	0
SPECIAL FUNDS	0	120,000	-120,000	0	0
TOTAL	3,797,785	4,083,907	-32,254	4,051,653	505,907

OPERATING EXPENSES

TRAVEL	356,716	404,900	-34,067	370,833	246,049
SUPPLIES - IT SOFTWARE	22,694	12,000	0	12,000	0
SUPPLY/MATERIAL-PROFESSIONAL	5,645	6,000	0	6,000	0
FOOD AND CLOTHING	856	1,500	0	1,500	0
BLDG, GROUND, MAINTENANCE	5,135	6,000	0	6,000	0
MISCELLANEOUS SUPPLIES	9,452	6,900	1,750	8,650	0
OFFICE SUPPLIES	9,373	8,000	0	8,000	0
POSTAGE	9,396	8,000	0	8,000	0
PRINTING	2,591	5,000	0	5,000	0
IT EQUIP UNDER \$5,000	50,542	64,700	0	64,700	4,000
OTHER EQUIP UNDER \$5,000	2,632	1,800	0	1,800	0
OFFICE EQUIP & FURN SUPPLIES	4,228	1,500	0	1,500	0
UTILITIES	865	1,000	100	1,100	0
INSURANCE	10,789	8,000	0	8,000	0
RENTALS/LEASES - BLDG/LAND	266,244	279,400	-18,950	260,450	34,687
REPAIRS	16,684	22,000	0	22,000	0
IT - DATA PROCESSING	87,067	75,300	-2,132	73,168	10,989
IT-COMMUNICATIONS	49,410	60,800	-5,015	55,785	18,555
IT CONTRACTUAL SERVICES AND RE	13,258	6,500	0	6,500	0
PROFESSIONAL DEVELOPMENT	10,629	11,000	0	11,000	0
OPERATING FEES AND SERVICES	24,321	30,000	0	30,000	8,000
FEES - PROFESSIONAL SERVICES	2,381	5,000	0	5,000	0
TOTAL	960,908	1,025,300	-58,314	966,986	322,280

REQUEST DETAIL BY PROGRAM**405 INDUSTRIAL COMMISSION****Biennium: 2007-2009****Bill#: HB1014****Date: 12/13/2006****Time: 11:59:52**

Program: OIL & GAS		Reporting Level: 00-405-300-02-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

OPERATING EXPENSES

GENERAL FUND	960,908	1,003,300	-36,314	966,986	322,280
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	22,000	-22,000	0	0
TOTAL	960,908	1,025,300	-58,314	966,986	322,280

CAPITAL ASSETS

EQUIPMENT OVER \$5000	26,570	0	0	0	0
IT EQUIPMENT OVER \$5000	6,700	15,000	-15,000	0	10,000
TOTAL	33,270	15,000	-15,000	0	10,000

CAPITAL ASSETS

GENERAL FUND	33,270	15,000	-15,000	0	10,000
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	0	0	0	0
TOTAL	33,270	15,000	-15,000	0	10,000

SPECIAL LINES

GAS AND OIL DIV. CONTINGENCY	0	83,000	-83,000	0	0
TOTAL	0	83,000	-83,000	0	0

SPECIAL LINES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	83,000	-83,000	0	0
TOTAL	0	83,000	-83,000	0	0

PROGRAM FUNDING SOURCES

SPECIAL FUNDS	0	225,000	-225,000	0	0
GENERAL FUND	4,615,263	4,768,512	56,935	4,825,447	838,187
FEDERAL FUNDS	176,700	213,695	-20,503	193,192	0
PROGRAM FUNDING TOTAL	4,791,963	5,207,207	-188,568	5,018,639	838,187

FTE EMPLOYEES

33.97	32.27	.00	32.27	3.00
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REQUEST DETAIL BY PROGRAM**405 INDUSTRIAL COMMISSION****Biennium: 2007-2009****Bill#: HB1014****Date: 12/13/2006****Time: 11:59:52**

Program: OIL & GAS		Reporting Level: 00-405-300-02-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

FUNDING DETAIL**GENERAL FUND**

4,615,263	4,768,512	56,935	4,825,447	838,187
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FEDERAL FUNDS

R048 UIC OIL & GAS

176,700	213,695	-20,503	193,192	0
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TOTAL

176,700	213,695	-20,503	193,192	0
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SPECIAL FUNDS

493 LANDS AND MINERALS TRUST FUND

0	225,000	-225,000	0	0
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TOTAL

0	225,000	-225,000	0	0
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CHANGE PACKAGE DETAIL
405 INDUSTRIAL COMMISSION
Biennium: 2007-2009

Bill#: HB1014

Date: 12/13/2006

Time: 11:59:52

PROGRAM: OIL & GAS	REPORTING LEVEL: 00-405-300-02-00-00-00-00000000				
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	93,249	-20,503	-225,000	-152,254
1 Adjustment to Base Budget/Workload Change	.00	-36,314	0	0	-36,314
Agency Total	.00	56,935	-20,503	-225,000	-188,568

OPTIONAL REQUEST

2 Contingency Funding Change	2.00	271,740	0	0	271,740
6 National Energy Meetings	.00	4,000	0	0	4,000
7 Eng Tech Position	1.00	105,981	0	0	105,981
11 Restoration of Base Budget Changes/Inflation	.00	257,571	0	0	257,571
13 Map Printer O/G	.00	10,000	0	0	10,000
14 Equity Adjustment	.00	188,895	0	0	188,895
Optional Total	3.00	838,187	0	0	838,187

PROGRAM NARRATIVE

405 INDUSTRIAL COMMISSION

Date: 12/13/2006

Time: 11:59:52

Program: PUBLIC FINANCE AUTHORITY	Reporting Level: 00-405-500-00-00-00-00000000
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PROGRAM PERFORMANCE MEASURES

The NDPFA provided funding on a timely basis to those political subdivisions seeking low-cost financing for their capital projects. During 2005 the NDPFA approved under the State Revolving Fund Program \$5,511,120 of Clean Water SRF Program loans and \$4,069,304 of Drinking Water SRF Program loans.

PROGRAM STATISTICAL DATA

Under the Capital Financing Program established in April of 1990, the NDPFA has made 158 loans to political subdivisions in the total principal amount of \$83,153,016. These totals include 17 State School Construction Fund leases purchased from the State Board of Public Instruction in 1994 in the total principal amount of \$6,300,205. The NDPFA had \$21,355,345 loans outstanding as of December 31, 2005. All CFP loans are normally made with bond proceeds. The NDPFA has also made 38 direct loans as investments of CFP assets, rather than using bond proceeds, in the amount of \$3,749,610. These direct loans are generally for terms of less than five years. As of December 31, 2005, the NDPFA had \$978,575 in outstanding direct loans.

The State Revolving Fund Program consists of a Clean Water SRF Program and a Drinking Water SRF Program. As of December 31, 2005, under the Clean Water SRF Program established in October 1990, the NDPFA has approved 152 loans to political subdivisions in the total principal amount of \$154,701,704 and has funded \$149,190,640 of this amount (SRFP loans are funded as construction costs are incurred). As of December 31, 2005, under the Drinking Water SRF Program, established in October, 1998, the NDPFA has approved 66 loans to political subdivisions in the total principal amount of \$109,569,228 and has funded \$90,919,957 of this amount. These loans are made at below-market interest rates (during 2005 the rate was 2.5%) for the construction of wastewater treatment works and public water systems. As of December 31, 2005 the total amount of SRF Program Bonds outstanding was \$143,870,000 and the total outstanding amount of SRF Program loans was \$183,658,468.

EXPLANATION OF PROGRAM COSTS

All program costs for the NDPFA are from revenues of the NDPFA. No General Fund dollars are utilized for the operations of the NDPFA.

Salaries and wages for the NDPFA's employees comprise the largest single program cost. The Executive Director's salary is split between the NDPFA (75%) and the Bank of North Dakota (25%) in an administrative agreement between the two agencies.

PROGRAM GOALS AND OBJECTIVES

To provide market and below-market interest rate loans to North Dakota political subdivisions and other qualifying organizations at low costs of issuance and in compliance with federal tax laws and regulations and State law.

To administer the NDPFA's programs in such a manner as to assure credit ratings that allow the NDPFA to sell its bonds at low interest rates. In turn those low interest rates can be passed on to the political subdivision. Current rating for the State Revolving Fund program is Aaa from Moody's Investors Services. The Capital Financing Program has a rating of A.

To develop new programs as needed to meet the financing needs of the political subdivisions and other qualifying organizations for capital projects and economic development opportunities.

To encourage economic development by offering to purchase qualified small issue bonds. For those entities that qualify for this program, it provides a way to secure long-term fixed rate borrowings at tax-exempt rates. As approved by the 2005 Legislature, in order to limit the State's exposure and create a diversified group of borrowers, the program has limits of \$2,000,000 per borrower and \$20,000,000 for the entire program.

To provide the services of the NDPFA to other state agencies that have the authority to issue debt through an administrative agreement between those agencies and the NDPFA. This concept was introduced and approved during the 2005 Legislative Session to create more efficient government by allowing any state agency to utilize the existing resources and expertise of the NDPFA staff.

To act as the financial agent for the Health Department in administering and managing the finances of the State Revolving Fund Program. Revolving loan funds have been established under NDCC chs. 61-28.1 and 61-28.2 for the SRF Program. By establishing these statutory revolving loan funds, the State, through the Health Department, is eligible to receive capitalization grants from the federal Environmental Protection Agency. Under the SRF Program, bonds are sold by the NDPFA to provide state match dollars and leverage loan dollars. These funds, together with the capitalization grants, are used to make below-market interest rate loans to political subdivisions for qualified wastewater treatment and public water system projects.

To provide accounting services to other state agencies as requested. Currently the NDPFA accounting staff provides accounting services to other Industrial Commission entities.

REQUEST DETAIL BY PROGRAM**405 INDUSTRIAL COMMISSION****Biennium: 2007-2009****Bill#: HB1014****Date: 12/13/2006****Time: 11:59:52**

Program: PUBLIC FINANCE AUTHORITY		Reporting Level: 00-405-500-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

SALARIES AND WAGES

SALARIES - PERMANENT	172,680	251,007	2,425	253,432	0
SALARIES - OTHER	0	0	0	0	0
FRINGE BENEFITS	49,968	83,412	394	83,806	0
TOTAL	222,648	334,419	2,819	337,238	0

SALARIES AND WAGES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	222,648	334,419	2,819	337,238	0
TOTAL	222,648	334,419	2,819	337,238	0

OPERATING EXPENSES

TRAVEL	4,917	10,000	0	10,000	0
SUPPLIES - IT SOFTWARE	125	3,600	0	3,600	0
SUPPLY/MATERIAL-PROFESSIONAL	1,606	6,000	-2,000	4,000	0
OFFICE SUPPLIES	522	7,000	-2,000	5,000	0
POSTAGE	594	3,000	-1,000	2,000	0
PRINTING	893	2,200	-700	1,500	0
IT EQUIP UNDER \$5,000	0	6,000	0	6,000	0
INSURANCE	112	300	200	500	0
RENTALS/LEASES-EQUIP & OTHER	0	2,000	0	2,000	0
RENTALS/LEASES - BLDG/LAND	0	24,000	0	24,000	0
IT - DATA PROCESSING	1,533	7,200	0	7,200	0
IT-COMMUNICATIONS	2,060	5,000	2,500	7,500	0
IT CONTRACTUAL SERVICES AND RE	1,565	4,400	-2,200	2,200	0
PROFESSIONAL DEVELOPMENT	11,315	16,800	0	16,800	0
OPERATING FEES AND SERVICES	0	25,000	-5,000	20,000	0
FEES - PROFESSIONAL SERVICES	45,289	100,000	0	100,000	0
TOTAL	70,531	222,500	-10,200	212,300	0

OPERATING EXPENSES

GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	70,531	222,500	-10,200	212,300	0
TOTAL	70,531	222,500	-10,200	212,300	0

REQUEST DETAIL BY PROGRAM

405 INDUSTRIAL COMMISSION

Biennium: 2007-2009

Bill#: HB1014

Date: 12/13/2006

Time: 11:59:52

Program: PUBLIC FINANCE AUTHORITY		Reporting Level: 00-405-500-00-00-00-00000000			
Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Request 2007-2009

CAPITAL ASSETS

IT EQUIPMENT OVER \$5000

0	0	8,000	8,000	0
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TOTAL

0	0	8,000	8,000	0
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CAPITAL ASSETS

GENERAL FUND

0	0	0	0	0
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FEDERAL FUNDS

0	0	0	0	0
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SPECIAL FUNDS

0	0	8,000	8,000	0
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TOTAL

0	0	8,000	8,000	0
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PROGRAM FUNDING SOURCES

SPECIAL FUNDS

293,179	556,919	619	557,538	0
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GENERAL FUND

0	0	0	0	0
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FEDERAL FUNDS

0	0	0	0	0
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PROGRAM FUNDING TOTAL

293,179	556,919	619	557,538	0
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.00**FTE EMPLOYEES**

2.75	2.75	.00	2.75	
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FUNDING DETAIL**SPECIAL FUNDS**

900 MUNICIPAL BOND BANK

293,179	556,919	619	557,538	0
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TOTAL

293,179	556,919	619	557,538	0
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CHANGE PACKAGE DETAIL
405 INDUSTRIAL COMMISSION
Biennium: 2007-2009

Bill#: HB1014

Date: 12/13/2006

Time: 11:59:52

PROGRAM: PUBLIC FINANCE AUTHORITY		REPORTING LEVEL: 00-405-500-00-00-00-00-00000000			
Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds

AGENCY BUDGET CHANGES

Cost To Continue	.00	0	0	2,819	2,819
1 Adjustment to Base Budget/Workload Change	.00	0	0	-10,200	-10,200
8 Server - Public Finance Authority	.00	0	0	8,000	8,000
Agency Total	.00	0	0	619	619